

Message Text

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ACTION NEA-11

INFO OCT-01 EB-08 ISO-00 /020 W
-----015415 290655Z /10
R 280340Z SEP 78
FM AMEMBASSY TEHRAN
TO USDOC WASHDC
INFO SECSTATE WASHDC 617

UNCLAS SECTION 1 OF 2 TEHRAN 09378

E.O. 11652: N/A
TAGS: BBSR, IR
SUBJ: WTDR/FTI: IRANIAN TOBACCO CO.

REF: (A) USDOC 11536 (B) IR-8009 (FAS)

1. IRAN
OFFICE USE: 2. 507 3. -- 4. 01
5. IRANIAN TOBACCO CO.
6. 217 IRANSHAHR AVC.
7. TEHRAN
8. CONTACT: MR. A. H. DILMAGHANI
9. TITLE: CHAIRMAN AND MANAGING DIRECTOR
OTHER OFFICIALS ARE: S. GHOBADI, GENERAL DIRECTOR
FOR RESEARCH
10. PHONE: 820081-9 11. TELEX: 2715 TOBAC-IR
12. CABLE: TABAKMONOPOL
13. ESTABL: 1973 14. EMPL: 4100 15. SIZE: LARGE
16. REPUTATION: Y 17. RPT DATE: 9/78
OFFICE USE: 18. NA 19. NA 20. NA 21. NA 22. NA
23A. 0132/OM TOBACCO CULTIVATION
23B. 21110/OM345 CIGARETTE IMPORTATION, MANUFACTURE,
EXPORTATION
23C. 21210/35 IMPORTATION OF CIGARS
23D. 21310/45 IMPORTATION, EXPORTATION OF TOBACCO
23E. 21411/OM TOBACCO STEMMING AND REDRYING
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23F. 35595-3/5 CIGARETTE MAKING MACHINERY
24. FOREIGN SALES: EXPORT TO BAHREIN, OMAN, QATAR
25. FINANCIAL REFS: BANK MELLI IRAN; BANK MARKAZI
26. TRADE REFS: R.J. REYNOLDS, TOBACCO CO.,
NORTH CAROLINA; PHILIP MORRIS INC., NEW YORK;
P. LORILLARD DIVISION, LOEWS CORP., NEW YORK
27.FOREIGN FIRMS REPRESENTED: NONE

28. POST EVALUATION: IRANIAN TOBACCO CO. WAS ESTABLISHED IN 1937 UNDER NAME IRANIAN TOBACCO MONOPOLY AND GRANTED MONOPOLY CONTROL OVER CULTIVATION AND TRADE IN TOBACCO PRODUCTS WHICH IT STILL RETAINS. IT IS GOVERNMENT CORPORATION, WITH NOMINAL REGISTERED CAPITAL OF RLS. 800 MILLION (DOLS. 11.3 MILLION), GROSS SALES OF RLS. 32.6 BILLION (RLS. 464 MILLION) AND DECLARED PROFIT OF RLS. 12.6 BILLION (DOLS. 177 MILLION) FOR LAST FISCAL YEAR ENDING MARCH 78. IRANIAN TOBACCO CO. DOES NOT OWN LAND, BUT HAS CONTRACTS WITH FARMERS IN TRADITIONAL TOBACCO AREAS WHO RECEIVE PERMITS TO GROW THIS CROP AND LOW INTEREST LOANS FOR NECESSARY INPUTS. CROP IS PURCHASED BY COMPANY AT PRICES FIXED BEFORE GROWING SEASON AND MADE INTO CIGARETTES AND OTHER TOBACCO PRODUCTS. DURING 1977-78 SOME 20,745 HECTARES OF TOBACCO WERE PLANTED, OF WHICH 15,500 HA WERE FOR CIGARETTE TOBACCO (MOSTLY IN MAZANDARAN AND GILAN PROVINCES) AND REMAINDER FOR CLAY PIPE AND TOMBAC TOBACCO. PRODUCTION WAS 15,500 METRIC TONS OF CIGARETTE TOBACCO, 6,329 TONS OF CLAY PIPE AND TOMBAC, A RECORD CROP BUT LOWER THAN INITIAL ESTIMATES. PROCUREMENT PRICES WERE RAISED IN 78/79 AND ITS

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OFFICIALS EXPECT STILL HIGHER PRODUCTION AND REVENUES, HOWEVER, LOCAL PRODUCTION DOES NOT MEET DEMAND, AND IT WAS NECESSARY TO IMPORT 3,000 TONS OF CIGARETTE TOBACCO AS WELL AS 236 MILLION CARTONS OF CIGARETTES. LOCAL PRODUCTION OF CIGARETTES WAS 300 MILLION CARTONS. IN COMPENSATION, 1,300 CARTONS OF

CIGARETTES AND 211.6 TONS OF TOMBAC WERE EXPORTED DURING 1977/78. ITC MAINTAINS TOBACCO INSTITUTE IN MAZANDARAN, RESEARCH CENTERS IN MAJOR TOBACCO GROWING AREAS TO IMPROVE METHODS OF CULTIVATION. MAJOR PRIORITY IS EXPANSION OF CIGARETTE TOBACCO PRODUCTION AND CIGARETTE PRODUCTION CAPACITY, LATER VIA 600 MILLION CARTON PER YEAR FACILITY UNDER STUDY WITH R.J. REYNOLDS. ITC EACH YEAR ISSUES MANY TENDERS FOR MACHINERY AND RAW MATERIALS USED IN CIGARETTE PRODUCTION. THESE ARE ISSUED THROUGH FOREIGN TRADE DEPARTMENT, MR. BAHRAM ALI, AND REPORTED TO US BUYERS VIA TOP/FGT PROGRAM. ITC IS REVENUE-EARNING GOVERNMENT FIRM RESPONSIBLE FOR MAKING AND MEETING ITS OWN OBLIGATIONS. IF REQUIRED, IT COULD DRAW ON FULL SUPPORT OF GOI THROUGH AGRICULTURAL DEVELOPMENT BANK OR OTHER ENTITIES. HOWEVER, DUE TO NEED TO COMPLY WITH REGULATIONS, PAYMENT CAN BE UNCLASSIFIED

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SLOW. EMBASSY RECOMMENDS ITC AS EXCELLENT TRADE CONTACT FOR US FIMRS.
29. APREP: GWILSON APPR: DAVID E. WESTLEY SULLIVAN

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
Disposition Reason:
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